

Testimony on House Bill No. 4001 and 4002

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In 1946 the voters of the State of Michigan overwhelmingly passed a referendum creating the Michigan Veterans Trust Fund (Act 9 of 1946). This \$50 Million dollar fund was created to meet the emergency needs of Michigan's war veterans by using the interest created by the fund for that purpose.

The Michigan Legislature completely liquidated the Michigan Veteran's Trust in 1959 and again in 1976. These funds were fully restored to the Trust Fund with periodic and irregular payments on both occasions. The Trust Fund was fully restored the first time in 1973 and again in 1994.

Michigan voters spoke again, in a clear voice, with the passage of Proposal "C" in 1996 to protect the corpus of the Trust Fund from additional raids by our Legislators and/or Governor.

Public Act 245 of 1935 created the Veterans Tuition Grant Program to assist in the education of children of veterans who had either died or became totally disabled as a result of wartime service. Today this program will assist persons between the ages of 16 and 22 who are children of Michigan veterans who were killed, died as a result of service-connected disabilities, or are judged to be 100% disabled as a result of injuries sustained while in the armed forces of the United States.

The Veterans Tuition Grant Program provides educational opportunities for these children of deceased and 100% disabled veterans whom might otherwise not be able to attend college after completion of high school.

During the years from 1936-1966 the Tuition Grant Program was administered and funded through the Department of Education with General Fund money. Public Act 371 of 1965 placed it under the administrative control of the Michigan Veterans Trust Fund Board of Trustees.

During the Fiscal Years of 1967 through 1968 the addition of the Tuition Grant Program had little impact, as the State provided \$400,000 for each of those years to fund the program. Beginning with Fiscal Year 1969-1970, General Fund support was withdrawn and the Tuition Grant Program began to be funded with the interest earnings of the Veterans Trust Fund, its current funding source.

The arrangement that provided for the Tuition Grant Program to be supported by Michigan Veterans Trust Funds did raise questions by many members of the State's veteran population. These funds were previously used exclusively to support the Emergency Grant Program—the original purpose of the Michigan Veterans Trust Fund.

In recent years the burden of the Tuition Grant Program on the Trust Fund has become problematic. This is due to two basic reasons. First the interest earned by the Trust Fund has declined each year. Second the tuition at State institutions, particularly State Universities, has risen dramatically. The drain on the corpus of the Trust Fund is significant, which has now been reduced to approximately \$46.5 Million Dollars. Because the Tuition Grant Program is an entitlement program, it must be paid first, before any of the emergency needs of Michigan's veterans are addressed.

The passage of House Bills 4001 and 4002 is necessary for the survival of the Michigan Veterans Trust Fund. The original mission of the Trust Fund is to meet the emergency needs of its wartime veterans. The continued raid on the corpus of the Trust Fund by the Tuition Grant Program circumvents the wish of the citizens of the State of Michigan, as demonstrated by the vote that established the Trust Fund in 1946 and a vote to protect the corpus in 1996.

I feel I speak for all veterans as a Korean War Veteran, a Past State Commander of The American Legion; a National Executive Committeeman of The American Legion and most of all a citizen of this Great State of Michigan. I urge a positive vote on the adoption of House Bills 4001 and 4002.

I thank all the members of House Committee on Veterans Affairs & Homeland Security for your patience.